

Financial Results for the Fiscal Year ended March 31, 2010

(Consolidated financial results have been prepared in accordance with accounting principles generally accepted in Japan)

May 13, 2010

Company name: **HANWA Co.,Ltd.**
 Listed stock exchange: Tokyo, Osaka
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
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The date of Shareholders' Meeting: June 29, 2010 The date of payout of dividend: June 30, 2010
 The date of issue of audited financial statements: June 30, 2010

(Rounded down to millions of yen)

1. Consolidated financial results for the fiscal year ended March 31, 2010

(1) Consolidated operating results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2010	1,116,628	(27.5)	11,420	(34.6)	9,412	(37.3)	11,579	93.1
Year ended March 31, 2009	1,539,281	2.1	17,451	(26.4)	15,007	(29.4)	5,997	(54.3)

	Net income per share	Net income per share(diluted)	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2010	55.46	—	11.6	2.0	1.0
Year ended March 31, 2009	28.47	—	6.2	3.1	1.1

Note: Equity in earnings of unconsolidated subsidiaries and affiliates Year ended March 31, 2010 — million yen
 Year ended March 31, 2009 — million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
March 31, 2010	443,444	106,855	24.0	512.16
March 31, 2009	479,379	94,912	19.7	450.05

Note: Shareholders' equity As of March 31, 2010 106,168 million yen
 As of March 31, 2009 94,197 million yen

(3) Consolidated cash flows situation

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2010	46,250	(12,991)	(43,669)	24,514
Year ended March 31, 2009	(5,742)	(19,535)	46,591	35,046

2. Cash dividends

(effective date)	Cash dividends per share					Total amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended March 31, 2009	—	6.00	—	6.00	12.00	2,523	42.1	2.6
Year ended March 31, 2010	—	6.00	—	6.00	12.00	2,499	21.6	2.5
Year ending March 31, 2011 (estimated)	—	6.00	—	6.00	12.00		29.6	

3. Forecast of consolidated financial results for fiscal year ending March 31, 2011

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Interim	631,000	18.6	8,200	43.7	7,500	45.9	4,500	76.5	21.71
Annual	1,319,000	18.1	16,000	40.1	14,000	48.7	8,400	(27.5)	40.52

* The above forecasts reflect assumptions and prospects based on the information currently available. They are subject to a number of risks and uncertainties that could cause actual results to differ materially from this information.

Financial Results for the Fiscal Year ended March 31, 2010

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2009	March 31, 2010	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	35,200	24,669	(10,531)
Trade notes and accounts receivable	233,282	214,416	(18,866)
Inventories	90,765	72,352	(18,413)
Deferred tax asset	1,560	3,357	1,797
Others	25,524	19,263	(6,261)
Allowance for doubtful receivables	(781)	(892)	(111)
Total current assets	385,552	333,166	(52,386)
Fixed assets;			
Property and equipment;			
Buildings and structures	12,331	12,013	(318)
Land	27,966	28,293	327
Others	6,109	5,992	(117)
Total property and equipment	46,407	46,299	(108)
Intangible assets			
	733	753	20
Investments and other assets;			
Investment securities	28,022	40,401	12,379
Long-term loans receivable	219	256	37
Deferred tax asset	883	2,652	1,769
Others	20,746	22,888	2,142
Allowance for doubtful receivables	(3,186)	(2,974)	212
Total investments and other assets	46,686	63,225	16,539
Total fixed assets	93,826	110,278	16,452
Total assets	479,379	443,444	(35,935)
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	130,720	134,800	4,080
Short-term loans payable	89,362	49,725	(39,637)
Commercial paper	—	1,000	1,000
Current portion of bonds payable	—	10,000	10,000
Income taxes payable	189	233	44
Accrued bonuses	1,789	1,855	66
Others	30,426	17,475	(12,951)
Total current liabilities	252,487	215,089	(37,398)
Long-term liabilities;			
Bonds payable	10,000	—	(10,000)
Long-term loans payable	115,150	114,355	(795)
Deferred tax liabilities by land revaluation	2,686	2,684	(2)
Others	4,142	4,460	318
Total long-term liabilities	131,978	121,499	(10,479)
Total liabilities	384,466	336,589	(47,877)
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	54,650	64,301	9,651
Treasury stock	(755)	(1,415)	(660)
Total shareholders' equity	99,550	108,542	8,992
Valuation and translation adjustments;			
Net unrealized holding gains on securities	(3,213)	889	4,102
Deferred hedge profit and loss	(248)	(771)	(523)
Land revaluation difference	(180)	(183)	(3)
Foreign currency translation adjustments	(1,710)	(2,308)	(598)
Total valuation and translation adjustments	(5,353)	(2,373)	2,980
Minority interests			
	715	686	(29)
Total net assets	94,912	106,855	11,943
Total liabilities and net assets	479,379	443,444	(35,935)

Financial Results for the Fiscal Year ended March 31, 2010

《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		Increase(Decrease)
	Year ended March 31, 2009	Year ended March 31, 2010	
Net sales	1,539,281	1,116,628	(422,653)
Cost of sales	1,491,569	1,076,039	(415,530)
Gross profit	47,712	40,589	(7,123)
Selling, general and administrative expenses	30,260	29,169	(1,091)
Operating income	17,451	11,420	(6,031)
Other income;			
Interest and dividend income	1,990	995	(995)
Foreign exchange gain	1,747	1,450	(297)
Others	526	597	71
Total other income	4,264	3,043	(1,221)
Other expenses;			
Interest expenses	4,336	3,215	(1,121)
Others	2,371	1,835	(536)
Total other expenses	6,707	5,050	(1,657)
Ordinary income	15,007	9,412	(5,595)
Extraordinary loss;			
Loss on impairment of long-lived assets	—	3,270	3,270
Loss on sale of property and equipment	211	—	(211)
Loss on devaluation of investments securities	2,506	—	(2,506)
Foreign exchange loss on common stock reduction of consolidated subsidiary	908	—	(908)
Total extraordinary loss	3,626	3,270	(356)
Income before income taxes and minority interest	11,381	6,142	(5,239)
Income, inhabitant & business tax – current	3,998	390	(3,608)
Income tax expense–deferred	1,356	△ 5,794	(7,150)
Minority interest in net income	28	△ 32	(60)
Net income	5,997	11,579	5,582

Financial Results for the Fiscal Year ended March 31, 2010

《Consolidated Statements of Changes in Net Assets》

(Rounded down to millions of yen)

	Millions of yen											Minority interests	Total net assets
	Shareholders' equity					Valuation and translation adjustments							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2008	45,651	4	51,028	(130)	96,554	5,397	143	(16)	(1,966)	3,557	814	100,926	
Increase (decrease) during the term:													
Cash dividends paid			(2,535)		(2,535)							(2,535)	
Staff and workers' bonuses and welfare fund			(3)		(3)							(3)	
Reversal of land revaluation difference			163		163							163	
Net income			5,997		5,997							5,997	
Purchase of treasury stocks				(632)	(632)							(632)	
Deposition of treasury stocks		(0)		6	6							6	
Effect from change in scope of consolidated subsidiaries													
Net increase (decrease) during the term, except for items under shareholders' equity						(8,610)	(392)	(163)	255	(8,910)	(99)	(9,009)	
Total increase (decrease)	—	(0)	3,622	(625)	2,996	(8,610)	(392)	(163)	255	(8,910)	(99)	(6,013)	
Balance at March 31, 2009	45,651	4	54,650	(755)	99,550	(3,213)	(248)	(180)	(1,710)	(5,353)	715	94,912	

	Millions of yen											Minority interests	Total net assets
	Shareholders' equity					Valuation and translation adjustments							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2009	45,651	4	54,650	(755)	99,550	(3,213)	(248)	(180)	(1,710)	(5,353)	715	94,912	
Increase (decrease) during the term:													
Cash dividends paid			(2,511)		(2,511)							(2,511)	
Staff and workers' bonuses and welfare fund			(1)		(1)							(1)	
Reversal of land revaluation difference			2		2							2	
Net income			11,579		11,579							11,579	
Purchase of treasury stocks				(659)	(659)							(659)	
Deposition of treasury stocks		(0)		0	0							0	
Effect from change in scope of consolidated subsidiaries			582		582							582	
Net increase (decrease) during the term, except for items under shareholders' equity						4,102	(523)	(2)	(597)	2,979	(28)	2,950	
Total increase (decrease)	—	(0)	9,651	(659)	8,991	4,102	(523)	(2)	(597)	2,979	(28)	11,942	
Balance at March 31, 2010	45,651	4	64,301	(1,415)	108,542	889	(771)	(183)	(2,308)	(2,373)	686	106,855	

Financial Results for the Fiscal Year ended March 31, 2010

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	11,381	6,142	(5,239)
Depreciation and amortization	2,358	2,560	202
Loss on impairment of long-lived assets	—	3,270	3,270
Increase(decrease) in allowance for doubtful receivables	2,322	(89)	(2,411)
Interest and dividend income	(1,990)	(995)	995
Interest expense	4,336	3,215	(1,121)
Loss on sale of property and equipment	211	—	(211)
Loss on devaluation of investments securities	2,506	—	(2,506)
Foreign exchange loss on common stock reduction of consolidated subsidiary	908	—	(908)
(Increase)decrease in trade receivables	28,537	13,941	(14,596)
(Increase)decrease in inventories	1,163	23,010	21,847
Increase(decrease) in trade notes and accounts payable	(36,465)	4,393	40,858
Increase(decrease) in deposits received	(8,360)	—	8,360
Other, net	(1,270)	(5,200)	(3,930)
Sub total	5,639	50,248	44,609
Interest and dividends received	1,958	994	(964)
Interest paid	(4,175)	(3,346)	829
Income taxes paid	(9,164)	(1,647)	7,517
Net cash provided by (used in) operating activities	(5,742)	46,250	51,992
Cash flows from investing activities:			
Payment for time deposits	(353)	(303)	50
Proceeds from refund of time deposits	212	303	91
Payment for purchase of property and equipment	(6,512)	(7,734)	(1,222)
Proceeds from sale of property and equipment	509	3,596	3,087
Payment for purchase of investment securities	(15,555)	(6,719)	8,836
Proceeds from sale of investment securities	2,131	186	(1,945)
(Increase)decrease in short – term loans receivable, net	117	(1,296)	(1,413)
Increase in long – term loans receivable	(31)	(13)	18
Collection of long-term loans receivable	79	60	(19)
Other, net	(132)	(1,070)	(938)
Net cash used in investing activities	(19,535)	(12,991)	6,544
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	39,933	(40,990)	(80,923)
Increase(decrease) in commercial paper, net	(17,000)	1,000	18,000
Proceeds from long-term debt	60,675	16,062	(44,613)
Repayments of long-term debt	(23,800)	(16,420)	7,380
Redemption of issuance of bonds	(10,000)	—	10,000
Payment for cash dividends	(2,540)	(2,511)	29
Cash dividends paid to minority interest in consolidated subsidiaries	(4)	(4)	—
Other, net	(670)	(804)	(134)
Net cash provided by (used in) financing activities	46,591	(43,669)	(90,260)
Effect of exchange rate changes on cash and cash equivalents	(446)	(263)	183
Net increase(decrease) in cash and cash equivalents	20,867	(10,674)	(31,541)
Cash and cash equivalents at beginning of year	14,178	35,046	20,868
Cash and cash equivalents from newly consolidated subsidiaries	—	142	142
Cash and cash equivalents at end of year	35,046	24,514	(10,532)

Financial Results for the Fiscal Year ended March 31, 2010

《Segment information》

Business segment information

The Companies' operations are classified into five business segments as follows:

Steel : Steel bars and shapes, steel plates and sheets, special steels, wire products, steel pipes, and steelmaking raw materials

Metals and alloys : Nickel, chromium, stainless scrap and solar cell-related materials and products

Non-ferrous metals : Copper, aluminium, lead, zinc, tin, antimony and other metals

Foods : Frozen seafoods and meat products

Petroleum and chemicals : Petroleum products, chemical products, and cement

Other business : Lumber, machinery, and others

Segment information by business category for the years ended March 31, 2009 and 2010 is as follows:

(Rounded down to millions of yen)

Year ended March 31, 2009	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	877,755	155,841	51,859	82,218	320,816	50,789	1,539,281	—	1,539,281	
Costs and expenses	867,521	153,749	50,791	80,572	316,014	47,407	1,516,056	5,774	1,521,830	
Operating income	10,234	2,092	1,068	1,645	4,801	3,382	23,225	(5,774)	17,451	
Assets	289,944	34,628	6,093	28,046	23,600	15,277	397,591	81,788	479,379	
Depreciation	1,648	30	72	25	36	455	2,268	89	2,358	
Capital expenditure	4,739	110	354	304	242	752	6,503	776	7,279	

Year ended March 31, 2010	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	606,205	86,081	52,823	72,557	255,867	43,092	1,116,628	—	1,116,628	
Costs and expenses	596,436	83,526	52,006	71,609	254,277	41,516	1,099,372	5,835	1,105,208	
Operating income	9,769	2,554	817	947	1,590	1,576	17,255	(5,835)	11,420	
Assets	223,894	34,814	15,164	29,093	32,854	16,128	351,949	91,494	443,444	
Depreciation	1,873	29	95	27	35	412	2,475	85	2,560	
Loss on impairment long-lived asset	2,437	—	28	140	112	139	2,859	411	3,270	
Capital expenditure	7,300	67	49	42	126	570	8,157	87	8,245	

Notes:

Corporate costs and expenses mainly consist of expenses of administrative departments.

Corporate assets mainly consist of cash and equivalents, investment securities and assets of administrative departments.